



USDA Rural Development

Farmland Legacy Conference
October 2008


Financial & Technical Assistance to Grow Communities from the Ground Up

- 40+ loan & grant programs to create housing, business and infrastructure
- Catalyst to assist rural communities by offering technical and financial assistance
- Partnerships, cooperation and coordination with local leaders, public & private partners and educational institutions is a must for success



Rural Development Programs of Interest

- **Guaranteed Business & Industry Loans**
- **Rural Business Enterprise Grants**
- **Rural Business Opportunity Grants**
- **Rural Economic Development Loans**
- **Value Added Producer Grants**
- **Section 9007 Energy Grants**

The background of the slide is a scenic landscape photograph. It shows rolling hills and valleys covered in trees with autumn foliage in shades of orange, yellow, and brown. The sky is a pale, hazy blue. The overall tone is soft and natural.

Guaranteed Business & Industry Loans

B & I

Purpose

- The primary purpose is to create and maintain employment and improve the economic climate in rural communities.
- This is achieved by expanding the lending capability of private lenders in rural areas, helping them make and service quality loans that provide lasting community benefits.
- This program represents a true public – private partnership.



General Requirements

- Interest rates & terms are negotiated between the borrower & lender
- Borrower must show 10% tangible balance sheet equity if existing business & 20% if new business
- There must be sufficient collateral for the loan



Eligible Entities

- Cooperative
- Corporation
- Partnership
- Trust
- Profit/Nonprofit
- Individuals
- Indian Tribe
- Federally recognized tribal group
- Municipality
- County
- Other political subdivision of a State



Fund Usages

- Working Capital
- Machinery
- Equipment
- Buildings
- Real Estate
- Certain types of debt refinancing

Authorized Lenders

- Federal/State Banks
- Credit Unions
- Insurance Companies
- Savings and Loan
- Farm Credit Banks





DSF, Inc.
Adams, TN & Allensville, KY



Cherry Springs Nursery
McMinnville, Tennessee

Rural Business Enterprise Grants

RBEG



Purpose

- To finance and facilitate development of small and emerging private business enterprises in areas outside the boundary of a city or unincorporated areas of 50,000 or more and its immediately adjacent urbanized or urbanizing area.
- Grant funds do not go directly to the business.



Eligible Entities

- Public bodies
- Private nonprofit corporations
- Federally-recognized Indian Tribal groups
- The small and emerging businesses to be assisted must have less than 50 new employees and less than \$1 million in gross annual revenues.



Grant Fund Usages

- Technical Assistance:
 - Marketing studies
 - Feasibility studies
 - Business plans
 - Training
- Purchase
 - Machinery
 - Equipment
- Create a revolving loan fund
- Construct a building



Agri - Tourism



Tennessee Department of Agriculture

For promotion of Agri-Tourism in
Tennessee



Farmers Market
McMinnville, Tennessee



**Farmers Market
City of Bolivar**

A wide-angle photograph of a rural landscape, likely in the Appalachian region, showing rolling hills and valleys. The foreground is filled with trees displaying vibrant autumn foliage in shades of orange, red, and brown. The middle ground consists of green fields and small clusters of buildings, possibly farmsteads or small towns. The background shows more distant, hazy hills under a soft, overcast sky. The overall tone is peaceful and scenic.

Rural Business Opportunity Grants

RBOG

Purpose

- To promote sustainable economic development in rural communities with exceptional needs.
- Accomplished by making grants to pay costs of providing economic planning for rural communities, technical assistance for rural businesses development, or training for rural entrepreneurs or economic development officials.



Limitations

- Grant funds may not be used for:
 - Duplication of current services or replace or support previous provided
 - Pay costs of preparation of application
 - Costs incurred prior to effective date of the grant
 - Fund political activities
 - Acquisition of real estate, building construction or development



Requirements

- Public body, nonprofit corporation, Indian tribe or cooperative with members that are primarily rural residents.
- Must have sufficient financial strength and expertise in the activities proposed to be carried out with the grant funds.
- Must show that funding will result in economic development of rural areas.



Bio Diesel Feasibility Study



University of Tennessee



Rural Economic Development Loan

REDL

Purpose

- Provide zero-interest loans to electric utilities financed by the Rural Utilities Service to promote sustainable rural economic development and job creation projects.

Eligibility & Disposition

- Can be made to any RUS electric utility that is not delinquent on any Federal debt or in bankruptcy proceedings.
- The utility is required to re-lend, at zero-interest, the loan proceeds to an eligible “third party recipient” (through loans) for the purpose of financing job creation projects and sustainable economic development within rural areas.
- Areas with a population of 2,500 or less are given first priority for financing.

Third Party Recipients

- Can be public or private organizations that have the legal authority to incur debt.
- They apply to the electric CO-OP in their area, not to RBS.

Eligible Loan Purposes

- Business expansions and business startups
- Community infrastructures, facilities and services necessary for economic development and job creation purposes
- Medical facilities and equipment to provide medical care to rural residents
- Educational facilities and equipment to provide training and job enhancement skills to rural residents to facilitate economic development
- Business incubator projects to assist in developing emerging enterprises



Upper Cumberland Electric Membership Corporation.



Smith County CO-OP - Ultimate Recipient

Carthage, Tennessee



Value-Added Producer Grants

VAPG

Purpose

- Grants are made to enable producers to develop businesses that produce and market value-added agricultural products.

Types of Grants

- Planning Grants
 - Grant to facilitate the development of a defined program of economic activities to determine the viability of a potential value-added venture, including feasibility studies, marketing strategies, business plans and legal evaluations.
- Working Capital Grants
 - Grants to provide funds to operate ventures and pay normal expenses of the venture that are eligible uses of grant funds.



Who Is Eligible

- Independent Producers
- Agricultural producer groups
- Farmer/Ranch cooperatives
- Majority-Controlled Producer-Based Business Venture



General Requirements

- The proposed project must generate Value-Added for an Agricultural Product.
- No project may be the subject of more than one Planning Grant or more than one Working Capital Grant.
- The same project may, however, be awarded one Planning Grant and subsequently apply for and receive a Working Capital Grant.
- Not more than one project per applicant may receive grant funding.
- Applicant must provide matching funds at least equal to the amount of grant funds.



Grant Amounts

- The maximum grant amount for a planning grant is \$100,000
- The maximum grant amount for working capital is \$300,000



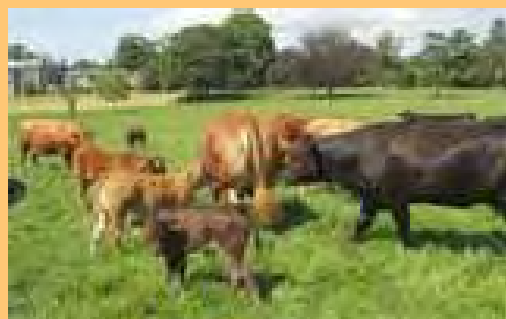
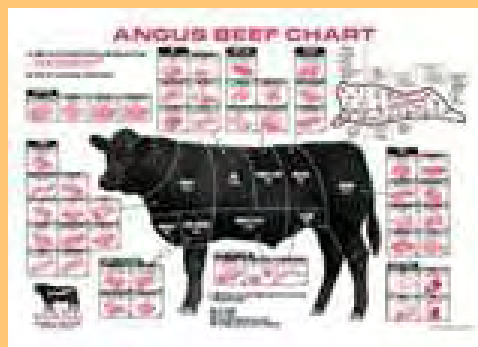
Appalachian Spring Cooperative



Hancock County, Tennessee

Commercial Kitchen

Tennessee Farm Bureau Federation



Beef Cattle Marketing Program

9007 Energy Program Grants



What is the Section 9007 Program?

- **Program designed to assist farmers, ranchers and rural small businesses with renewable energy and energy efficient improvement projects**
- **This program provides grants for renewable energy and energy efficiency projects**
- **Originally created as a 5 year program. Renewed and expanded in the latest Farm Bill.**

Eligibility

- Applicant

1. Agricultural Producer or Rural Small Business
2. US Citizens or Permanent Residency
3. Entities 51% or more US owned
4. No Fed Judgments, Delinquencies, Debarment
5. Demonstrated Financial Need!!!

Eligibility

- **Grants request can be up to 25% of total eligible project costs**
 - Renewable Energy:
 - \$2,500 to \$500,000
 - **If total eligible project costs over \$200,000 then Business level feasibility study is required.**
 - Energy Efficiency
 - \$1,500 to \$250,000
 - **If total eligible project costs are over \$50,000 then an energy audit is required, otherwise energy assessment.**

- **2007 – Warner Acres Farm received a \$50,000 9007 Energy Grant to make energy efficient upgrades to their broiler house operations in Shelbyville, Tennessee**

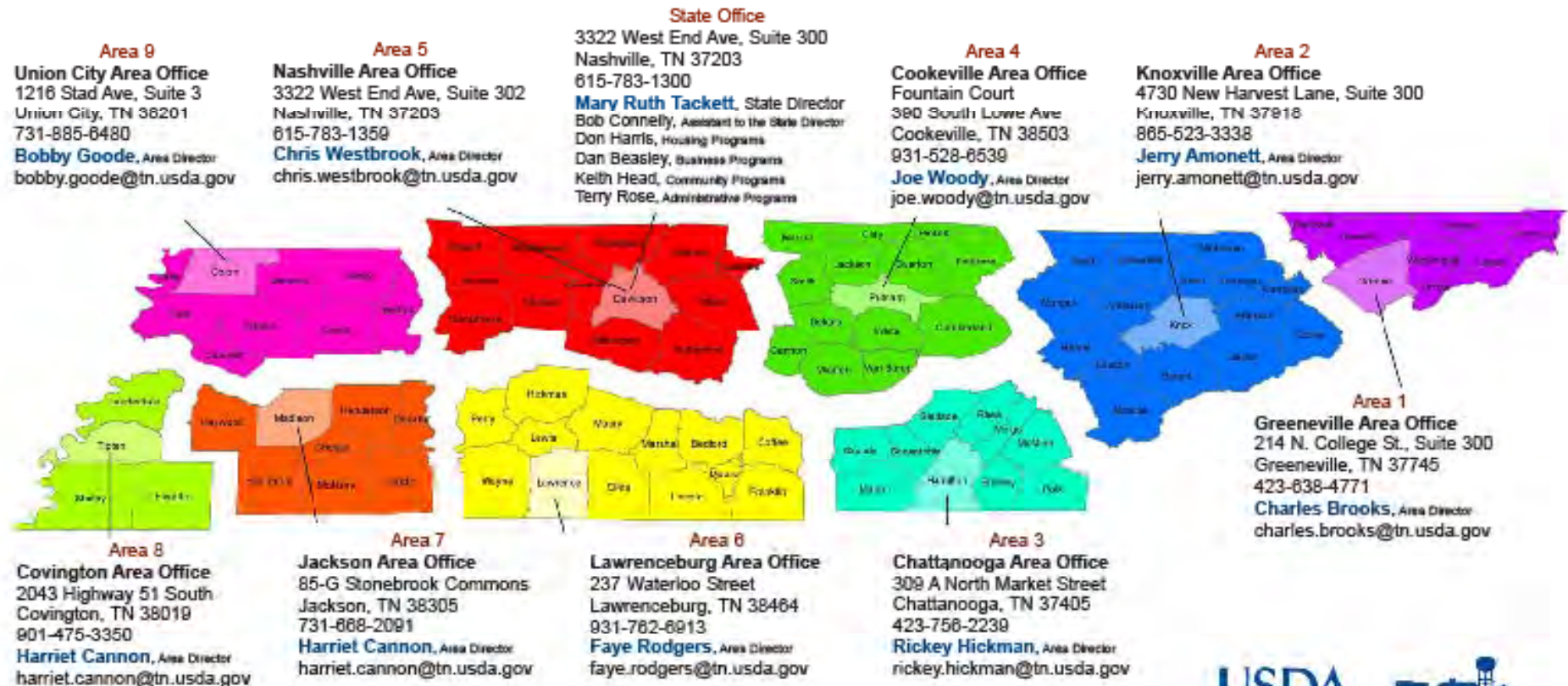




- **2005 – Mr. Richard Onderka, Tennessee Bioenergy located in Manchester received Tennessee’s first 9007 Energy Grant of \$60,000 for the purchase of equipment to produce biodiesel.**



Tennessee Offices



Committed to the future of rural communities

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